

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4806-07  
Bill No.: HCS for SCS for SB 1336  
Subject: Taxation and Revenue - Income; State Treasurer  
Type: Original  
Date: May 6, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$745 to (\$69,255)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$745 to (\$69,255)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
MO Military Family Relief Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Assumes an unknown amount of contributions distributed to the fund annually.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials of the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal has no impact on BAP. BAP assumes the following: In each tax year beginning January 1, 2004, a taxpayer entitled to a tax refund may designate a portion of that refund go to the newly created Missouri Military Family Relief Fund. This proposal would increase total state revenues. BAP has no basis for estimating the amount of contributions to this fund.

Officials of the **State Treasurer (STO)** assume this legislation establishes a check-off on the front page of the tax return for contributions to the Missouri Military Family Relief Fund.

- in the state treasury
- administered by the adjutant general
- exempt from the biennial transfer
- retains interest earnings
- STO shall distribute moneys deposited in the fund to the Missouri Military Family Relief Fund. STO currently does not make distributions, therefore STO requests one FTE at the Accounting Analyst I level plus the corresponding expense and equipment.

**Oversight** assumes STO's current staff can handle the increase in workload created by this proposal since this proposal would require twelve deposits a year and one distribution.

ASSUMPTION (continued)

Officials of the **Secretary of State (SOS)** stated that this proposal would create a checkoff-off for contributions to the Missouri Military Family Relief Fund. The Department of Public Safety would promulgate rules to implement the proposal. Based on experience with other divisions, the rules, regulations and forms issued could require as many as 8 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in *Missouri Register* as in the *Code* because cost estimates and fiscal notes are not repeated in the *Code*. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The estimated cost of publication in FY 2005 for this proposal is \$492.. Actual cost could be more or less and costs in future years would depend upon frequency and length of rules filed, amended, rescinded or withdrawn.

Secretary of State officials do not anticipate the need for additional staff as a result of this proposal; however, enactment of more than one similar proposal could, in the aggregate, require additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Department of Revenue (DOR)** state this legislation establishes a check-off on the individual and corporate tax returns for the Missouri Military Family Relief Fund. Taxpayers donating, but not receiving a refund to offset, may submit a separate check for their donation with their tax return. DOR is to deposit all contributions to the Missouri Military Family Relief Fund, which is also created by this legislation.

Taxation will have to modify the MINITS and COINS systems to allow for the check-off to be added to the tax returns and for the accountability of the contributions. DOR assumes it will take 1,384 hours of programming on the MINITS system and 692 hours of programming on the COINS system, at a cost of \$69,255. DOR defers any revenue impact to BAP.

**Oversight** notes that one percent (1%) of contributions to the Military Family Relief Fund, up to \$70,000, would be transferred to the General Revenue Fund in FY 2005 and that the Director of Revenue would, monthly, withhold amounts sufficient to cover DOR costs to administer collections.

Officials from the **Department of Public Safety, Adjutant General's Office (MNG)** assume MNG would administer the fund. MNG would develop the CSR applicable to the program and

ASSUMPTION (continued)

process grants to resident members of the National Guard and resident members of the reserve forces of the armed forces of the United States. Existing personnel will provide administrative services to support the program.

Officials of the **Missouri Veterans Commission** stated that their agency would accomplish duties under terms of the proposal with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE FUND</b>			
<u>Income</u> - 1% of Contributions	\$0 to \$70,000	\$0	\$0
<u>Cost</u> - Dept. of Revenue Programming	(\$69,255)	<u>\$0</u>	<u>\$0</u>
<b>TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$745 to</u> <u>(\$69,255)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>MO MILITARY FAMILY RELIEF FUND</b>			
<u>Income</u> - contributions	Unknown	Unknown	Unknown
<u>Transfers Out</u> - to MO Military Families	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON MO MILITARY FAMILY RELIEF FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This proposal would create a one dollar check-off on the Missouri income tax return. Designated moneys would be deposited into the Missouri Military Family Relief Fund, to be administered by the Adjutant General and distributed to the families of Missouri residents who are members of the National Guard or the reserves and have been called to active duty between September 11, 2001, and December 31, 2010, by the President of the United States.

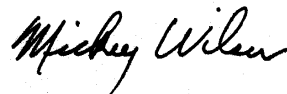
The check-off of one dollar is primarily for taxpayers who are to receive a refund. However, taxpayers who owe taxes may also contribute to the fund and any taxpayer may elect to contribute more than one dollar.

This proposal contains a sunset date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal could affect Total State Revenue.

## SOURCES OF INFORMATION

Department of Revenue  
Office of Administration  
Division of Budget and Planning  
State Treasurer  
Department of Public Safety  
Office of the Adjutant General  
Missouri Veterans Commission  
Secretary of State



Mickey Wilson, CPA  
Director  
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